

AT AN ADJOURNED MEETING OF THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA HELD ON THE 26TH DAY OF SEPTEMBER, 2011 AT 6:30 P.M. IN THE BOARD CHAMBERS, MONTGOMERY COUNTY GOVERNMENT CENTER, 755 ROANOKE STREET, CHRISTIANSBURG, VIRGINIA:

PRESENT:	James D. Politis	-Chair
	William H. Brown	-Vice Chair
	Mary W. Biggs (arrived 7:00 p.m.)	-Supervisors
	Gary D. Creed	
	Doug Marrs	
	Annette S. Perkins	
	F. Craig Meadows	-County Administrator
	L. Carol Edmonds	-Assistant County Administrator
	Martin M. McMahon	-County Attorney
	Steve Sandy	-Planning Director
	Karen Edmonds	-Human Resources Director
	Ruth L. Richey	-Public Information Officer
	Vickie L. Swinney	-Secretary, Board of Supervisors
ABSENT:	John A. Muffo	-Supervisor

CALL TO ORDER

The Chair called the meeting to order.

INTO CLOSED MEETING

On a motion by William H. Brown, seconded by Gary D. Creed and carried unanimously,

BE IT RESOLVED, The Board of Supervisors hereby enters into Closed Meeting for the purpose of discussing the following:

Section 2.2-3711 (3) Discussion or Consideration of the Acquisition of Real Property for Public Purpose, or of the Disposition of Publicly Held Real Property, Where Discussion in an Open Meeting Would Adversely Affect the Bargaining Position or Negotiating Strategy of the Public Body

1. Future Public Safety Facilities – Riner

- (1) Discussion, Consideration or Interviews of Prospective Candidates for Employment; Assignment, Appointment, Promotion, Performance, Demotion, Salaries, Disciplining or Resignation of Specific Officers, Appointees or Employees of Any Public Body

1. Agency on Aging
2. Alcohol Safety Action Program (ASAP)
3. Parks and Recreation Commission
4. County Attorney's Annual Review

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT DURING VOTE</u>	<u>ABSENT</u>
Gary D. Creed	None	Mary W. Biggs	John A. Muffo
Annette S. Perkins			
William H. Brown			
Doug Marrs			
James D. Politis			

Supervisor Biggs arrived at 7:00 p.m.

OUT OF CLOSED MEETING

On a motion by William H. Brown, seconded by Mary W. Biggs and carried unanimously,

BE IT RESOLVED, The Board of Supervisors ends their Closed Meeting to return to Regular Session.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Annette S. Perkins	None	John A. Muffo
William H. Brown		
Doug Marrs		
Mary W. Biggs		
Gary D. Creed		
James D. Politis		

CERTIFICATION OF CLOSED MEETING

On a motion by Gary D. Creed, seconded by William H. Brown and carried unanimously,

WHEREAS, The Board of Supervisors of Montgomery County has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia requires a certification by the Board that such Closed Meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Supervisors of Montgomery County, Virginia hereby certifies that to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion conveying the closed meeting were heard, discussed or considered by the Board.

VOTE

AYES

William H. Brown
Doug Marrs
Mary W. Biggs
Gary D. Creed
Annette S. Perkins
James D. Politis

NAYS

None

ABSENT DURING VOTE

John A. Muffo

ABSENT DURING MEETING

John A. Muffo

INVOCATION

A moment of silence was led by the Chair.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

PRESENTATION

Montgomery County Retirees

The Board of Supervisors presented certificates to following employees who retired in 2010 and 2011 with 25 years or more of service:

Sheriff's Office

Martha Wirt	25 years
Sharla Conner	25 years
William Tolley	32 years

Social Services

Brenda Stone	36 years
Betty Price	35 years
Linda Eaton	25 Years

Montgomery-Floyd Regional Library

Theda Webster	32 years
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Public Service Authority

Linda Pendleton	29 years (was not in attendance)
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PUBLIC ADDRESS

Christopher Tuck addressed the Board regarding the County's Zoning Ordinance Code Section 10-45(3) (g) (4) regarding temporary political campaign signs. Mr. Tuck stated that the County's Code allows for candidates to place campaign signs no larger than 12 square feet (3' x 4'). Most candidates, including himself, are in violation of the Zoning Ordinance due to the fact that most campaign signs are an average size of a 4'x4' or '4x8'. He requested the Board to consider amending the Zoning Ordinance to increase the size for political campaign signs.

Jennifer Mengel expressed concerns with Blacksburg citizens requesting the School Board to consider putting the renovation of the Auburn High School for an Auburn Middle School on hold in order to redirect the funding to the Blacksburg High School construction project. Ms. Mengel stated that cuts have been made to all the school construction projects, not just Blacksburg High School, in order for the School Board to remain in their budget.

CONSENT AGENDA

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously, the Consent Agenda dated September 26, 2011 was approved.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Mary W. Biggs	None	John A. Muffo
Doug Marrs		
Gary D. Creed		
Annette S. Perkins		
William H. Brown		
James D. Politis		

Approval of Minutes

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously, the minutes dated April 25, 2011 were approved.

Appropriations and Transfers

A-FY-12-29 COMMONWEALTH'S ATTORNEY FORFEITED ASSET SHARING PROGRAM

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously,

BE IT RESOLVED, By the Board of Supervisors of Montgomery County, Virginia that the General Fund was granted an appropriation in addition to the annual appropriation for the fiscal year ending June 30, 2012, for the function and in the amount as follows:

200	Commonwealth's Attorney	\$16,530
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The source of funds for the foregoing appropriation is as follows:

<u>Revenue Account</u>	
419104	Confiscations

\$16,530

Said resolution appropriates monies received as part of the Forfeited Asset Sharing Program from the Department of Criminal Justice Services.

A-FY-12-30 SHERIFF RECOVERED COSTS

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously,

BE IT RESOLVED, By the Board of Supervisors of Montgomery County, Virginia that the General Fund was granted an appropriation in addition to the annual appropriation for the fiscal year ending June 30, 2012, for the function and in the amount as follows:

310	Sheriff Comp Board	\$ 1,155
320	Sheriff County	\$20,516
322	Sheriff Project Life Saver	<u>\$ 310</u>
	Total	\$21,981

The sources of funds for the foregoing appropriation are as follows:

<u>Revenue Account</u>		
419108	Recovered Costs	\$ 6,355
419104	Confiscations	\$15,316
424401	Project Life Saver	<u>\$ 310</u>
	Total	\$21,981

Said resolution appropriates recovered costs, Project Life Saver and asset forfeiture funds for use by the Sheriff's department.

A-FY-12-31
MONTGOMERY-FLOYD REGIONAL LIBRARY
APPROPRIATION OF DONATIONS

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously,

BE IT RESOLVED, By the Board of Supervisors of Montgomery County, Virginia that the General Fund was granted an appropriation in addition to the annual appropriation for the fiscal year ending June 30, 2012 for the function and in the amount as follows:

710	Regional Library	\$10,000
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The source of funds for the foregoing appropriation is as follows:

<u>Revenue Account</u>		
416158	Donations	\$10,000

Said resolution appropriates donation payments for use by the Library.

R-FY-12-25
VACO 2011 ANNUAL MEETING
VOTING CREDENTIALS

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously,

BE IT RESOLVED, The Board of Supervisors of Montgomery County, Virginia authorizes James D. Politis, Chair, to cast its vote at the 2011 Annual Meeting of the Virginia Association of Counties (VACO) on November 15, 2011 and Mary W. Biggs as its alternate.

INTO WORK SESSION

On a motion by Mary W. Biggs, seconded by Annette S. Perkins and carried unanimously,

BE IT RESOLVED, The Board of Supervisors hereby enters into Work Session for the purpose of discussing the following:

1. Montgomery County Schools – Carryover from FY 2010-2011
2. Virginia Department of Transportation
3. Legislative Priorities for 2012

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Doug Marrs	None	John A. Muffo
Gary D. Creed		
Annette S. Perkins		
William H. Brown		
Mary W. Biggs		
James D. Politis		

Montgomery County Schools – Carryover from FY 2010-2011

The County Administrator reported that the County received a request from the Montgomery County School Board asking the Board of Supervisors to carryover School funds remaining at the end of June 30, 2011 totaling \$1,642,446.

The County Administrator explained that a total of \$763,640 is earmarked for open purchase orders, Medicaid Reimbursements for Special Ed & Nursing and Job Stimulus funds. The remaining balance \$978,806 is requested for the following projects:

• Redistricting	\$88,000
• Opening of the New Prices Fork Elementary School	\$70,000
• Roof Repairs	\$325,950
• Technology Improvement Plan	\$100,000
• Replace Mait/Tech Support Vehicles	\$85,000
• ADA Compliance	<u>\$209,856</u>
Total	\$978,806

The School Board provided the following explanation on the requested carryover funds:

Explanation:

1. The \$86,809 is for open purchase orders as of June 30, 2011 to be paid in FY 2011-12.
2. The Medicaid carryover of \$137,101 reflects revenue received in 2010-11 as reimbursement for services. Per the Medicaid reimbursement program, this reimbursement must be used to provide services for special needs students and additional health services during 2011-12.
3. The carryover of Job Stimulus funds was included in the budget approved for FY 2011-12. We received \$995,718 for year one of the plan in FY 2010-11 and expended \$455,988. The balance is to be used in FY 2011-12 to save positions in the budget.
4. The funds for redistricting are for a full planning and analysis of all school attendance zones in the county to make adjustments as needed considering population and housing changes and the construction of new schools.
5. The funds for opening the new Price's Fork Elementary School are for library books and additional instructional materials for the additional students that will attend this school. The school will initially open with the current enrollment. Additional items will need to be purchased in the spring of 2012 for students added to the school for the 2012-13 school year.
6. The roof repairs are for needed repairs at ten schools (\$175,959) and for the repair of the gymnasium roof for Auburn High School (\$150,000) in order to continue to be able to use the gym.
7. The technology improvement funds are a continuation of the project initiated in FY 2010-11 by the superintendent to upgrade technology available for classroom instruction.
8. We have not replaced support vehicles during the last two budget years. Two vehicles have been recently removed that would not pass inspection and were not economical to repair. In addition, there are twelve support vehicles that are more than 15 years old. These funds would replace four support vehicles.
9. Based on a review by the Office of Civil Rights conducted in 2009, there are several buildings that do not meet the ADA regulations for accessibility. Therefore, we are considered not in compliance. The most significant building is Christiansburg High School, and these funds would be used to correct these issues and additional items in other identified schools to correct cited deficiencies.

The County Administrator stated that a resolution of appropriation is included on the agenda under New Business for the Board's consideration tonight.

Supervisor Creed commented that his only concern is that if the Board of Supervisors approves the appropriation to carryover the remaining funds for specific items then he expects this money to be used just for these items. He recalled where the Board of Supervisors in the past appropriated remaining School funds for specific items and the funding was used elsewhere and then the School Board in turn requested more funding.

Virginia Department of Transportation

Richard Caywood, VDOT Salem District Administrator, addressed the Board regarding changes within the VDOT system. Mr. Caywood reported that funding cuts have been made state-wide with a decrease in VDOT personnel. One major revision to the VDOT organization is the implementation of a VDOT Customer Service Center to handle calls regarding road problems (1-800-FOR-ROAD). One of the Customer Service Centers is located in Salem.

Mr. Caywood distributed a new report that will be used to provide road updates to the Montgomery County Board of Supervisors. The new format is the outcome of concerns issued by the Board of Supervisors that a more comprehensive report from VDOT is needed on road projects and maintenance items. He also addressed the Board's concerns about Revenue Sharing Projects being delayed. He stated that the federal stimulus funding received for state

transportation projects came at the expense of smaller projects being delayed due to the time frame in which the funding had to be spent.

Legislative Priorities for 2012

The County Administrator reported that it is time to develop Montgomery County's Legislative Priorities for 2012. The legislative priorities will need to be adopted by the last meeting in October in order to have them distributed to the Virginia Association of Counties in time for the VACo Annual Conference in November. The County Administrator distributed the Legislative Priorities adopted in 2011 and asked the Board to review them in order to make any additions or deletions.

OUT OF WORK SESSION

On a motion by Mary W. Biggs, seconded by William H. Brown and carried unanimously,

BE IT RESOLVED, The Board of Supervisors ends their Work Session to return to Regular Session.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Gary D. Creed	None	John A. Muffo
Annette S. Perkins		
William H. Brown		
Mary W. Biggs		
Doug Marrs		
James D. Politis		

OLD BUSINESS

R-FY-12-26

RESOLUTION AUTHORIZING THE ISSUANCE OF A NOT TO EXCEED \$15,000,000 GENERAL OBLIGATION SCHOOL BOND, SERIES 2011, OF THE COUNTY OF MONTGOMERY, VIRGINIA, TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY AND PROVIDING FOR THE FORM AND DETAILS THEREOF

On a motion by Mary W. Biggs, seconded by Annette S. Perkins and carried,

WHEREAS, the Board of Supervisors (**the "Board"**) of the County of Montgomery, Virginia (**the "County"**), has determined that it is necessary and expedient to borrow an amount not to exceed \$15,000,000 and to issue its general obligation school bond (as more specifically defined below, the **"Local School Bond"**) for the purpose of financing the construction and

equipping of the new Blacksburg High School, which constitutes a capital project for public school purposes **(the “Project”)**; and

WHEREAS, the County held a public hearing, duly noticed, on September 12, 2011, on the issuance of the Local School Bond in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended **(the “Virginia Code”)**; and

WHEREAS, the School Board of the County has, by resolution, requested the Board to authorize the issuance of the Local School Bond and consented to the issuance of the Local School Bond; and

WHEREAS, the Virginia Public School Authority **(“VPSA”)** has offered to purchase the Local School Bond along with the local school bonds of certain other localities with a portion of the proceeds of certain bonds to be issued by VPSA in the fall of 2011 **(the “VPSA Bonds”)**; and

WHEREAS, VPSA intends to issue the VPSA Bonds as “qualified school construction bonds” **(referred to below as “QSCBs” and each a “QSCB”)** within the meaning of Section 54F of the Internal Revenue Code of 1986, as amended **(the “Tax Code”)**, which section was added to the Tax Code by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat. 355), enacted on February 17, 2009; and

WHEREAS, VPSA intends to elect to treat the VPSA Bonds as “specified tax credit bonds” under Section 6431 of the Tax Code, as amended by the Hiring Incentives to Restore Employment Act (Pub. L. No. 111-147, 123 Stat. 301), enacted on March 18, 2010, which status enables an issuer of a QSCB to receive a direct payment of a refundable credit in lieu of providing a tax credit to the purchaser or holder of the QSCB; and

WHEREAS, the refundable credit payable with respect to each interest payment date will be equal to the lesser of (i) the amount of interest payable under the QSCB on such date or (ii) the amount of interest which would have been payable under the QSCB on such date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Tax Code (that is, the rate used in computing the amount of tax credit that could be claimed by the QSCB holder absent the “specified tax credit bond” refundable credit election); and

WHEREAS, subject to the terms and conditions set forth or referred to below, VPSA will transfer to the County the allocable portion of the refundable credit actually received in cash by VPSA with respect to the VPSA Bonds; and

WHEREAS, the allocation of QSCB volume cap pursuant to which VPSA will issue the VPSA Bonds will be made by Executive Order to be issued by the Governor of the Commonwealth of Virginia **(the “Executive Order”)**, to finance the Project along with a number of other projects selected through a competitive evaluation process administered by the Virginia Department of Education; and

WHEREAS, the Bond Sale Agreement (as defined below) shall indicate that \$15,000,000 is the amount of proceeds requested (**the “Proceeds Requested”**) by the County from the VPSA in connection with the sale of the Local School Bond; and

WHEREAS, VPSA’s objective is to pay the County a purchase price for the Local School Bond which, in VPSA’s judgment, reflects the Local School Bond’s market value (**the “VPSA Purchase Price Objective”**), taking consideration of such factors as the purchase price to be received by VPSA from the sale of the VPSA Bonds, the underwriters’ discount and the other issuance costs of the VPSA Bonds and other market conditions relating to the sale of the VPSA Bonds; and

WHEREAS, such factors may result in the Local School Bond having a purchase price other than par and consequently (i) in the case of any bond premium, the County may have to issue the Local School Bond in a principal amount that is less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) because the maximum authorized principal amount of the Local School Bond set forth in paragraph 1 of this Resolution cannot exceed the Proceeds Requested, the purchase price to be paid to the County, given the VPSA Purchase Price Objective and market conditions, will be less than the Proceeds Requested.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA:

Authorization of Local School Bond and Use of Proceeds. The Board hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bond in a principal amount not to exceed \$15,000,000 (**the “Local School Bond”**) for the purpose of financing the Project and the County’s allocable share of (A) VPSA’s costs of issuing the VPSA Bonds and (B) any upfront flat fees of VPSA as determined by VPSA to be necessary to compensate VPSA for the on-going costs related to administering the local school bonds purchased with the VPSA Bonds, including the County’s Local School Bond (such upfront fees may be in lieu of the Annual Administrative Fee described in paragraph 4 in this Resolution). The Board hereby authorizes the issuance and sale of the Local School Bond in the form and upon the terms established pursuant to this Resolution and the Bond Sale Agreement.

Sale of the Local School Bond. The sale of the Local School Bond, within the parameters set forth in paragraph 4 of this Resolution, to VPSA is authorized. Given the VPSA Purchase Price Objective and market conditions, the County acknowledges that the limitation on the maximum principal amount on the Local School Bond set forth in paragraph 1 of this Resolution restricts VPSA’s ability to generate the Proceeds Requested; however, the Local School Bond may be sold for a purchase price not lower than 90% of the Proceeds Requested. The Chairman of the Board, the County Administrator, or either of them and such other officer or officers of the County as either may designate are hereby authorized and directed to enter into an agreement with VPSA providing for the sale of the Local School Bond to VPSA (**the “Bond Sale Agreement”**). The Bond Sale Agreement shall be in substantially the form submitted to the Board at this meeting, which form is hereby approved.

Details of the Local School Bond. The Local School Bond shall be dated the date of its issuance and delivery; shall be designated “General Obligation School Bond, Series 2011A” or such other designation as the County Administrator shall determine, shall bear interest from the date of delivery thereof payable semi-annually on dates specified by VPSA (each, an “**Interest Payment Date**”) at the rates established in accordance with paragraph 4 of this Resolution; and shall mature annually in the years (each a “**Principal Payment Date,**” and together with any **Interest Payment Date,** a “**Payment Date**”) and in the amounts (the “**Principal Installments**”) determined by the County Administrator, subject to the provisions of paragraph 4 of this Resolution.

Interest Rate and Principal Installments. The County Administrator is hereby authorized and directed to accept the interest rate on the Local School Bond established by VPSA, provided that each interest rate may be up to five one-hundredths of one percent (0.05%) over the interest rate to be paid by VPSA for the corresponding principal payment date of the VPSA Bonds, a portion of the proceeds of which will be used to purchase the Local School Bond, to the extent required by VPSA (the “**Annual Administrative Fee**”), and provided further that the true interest cost of the Local School Bond does not exceed seven and a half percent (7.50%) per annum. The Payment Dates and the Principal Installments shall be specified by VPSA. The County Administrator is hereby authorized and directed to accept the final Payment Dates and the Principal Installments at the request of VPSA based on the final term to maturity of the VPSA Bonds, requirements imposed on VPSA by the nationally-recognized rating agencies and the final principal amount of the Local School Bond; provided, however, that the principal amount of the Local School Bond shall not exceed the amount authorized by this Resolution and the final maturity of the Local School Bond shall be no later than the earlier of (a) December 31, 2031 and (b) the latest maturity date permitted under Section 54A of the Tax Code. The execution and delivery of the Local School Bond as described in paragraph 10 hereof shall conclusively evidence the approval and acceptance all of the details of the Local School Bond by the County Administrator as authorized by this Resolution.

Certain Acknowledgements. The County acknowledges that the interest rate on the Local School Bond will be set at the level necessary to pay the interest on the allocable portion of the VPSA Bonds plus the Annual Administrative Fee, if any, and that the County will be obligated to pay interest on the Local School Bond at the stated taxable rate thereon regardless of the elimination or reduction of the refundable credit to be received by VPSA due to (i) any amendments by Congress to Sections 54A, 54F or 6431 or any other applicable sections of the Tax Code, (ii) any failure or determination by Congress not to appropriate funds necessary to pay the refundable credit, (iii) any guidance or changes to guidance provided by the U.S. Department of Treasury or the Internal Revenue Service, or (iv) any action or omission by VPSA, the County or any other locality selling local school bonds to VPSA in connection with the VPSA Bonds that causes the VPSA Bonds to lose their status as QSCBs and/or specified tax credit bonds in whole or in part. It is also acknowledged that the County has the right to effect an extraordinary optional redemption of the Local School Bond in whole or in part upon the occurrence of any of these events as provided in the form of Local School Bond.

Certain Investment Earnings. The Board hereby acknowledges that VPSA will (i) issue the VPSA Bonds with multiple maturities or with a single “bullet” maturity, in either case, with a final maturity date on or shortly before the latest maturity date permitted for the VPSA

Bonds under Section 54A of the Tax Code, (ii) invest the Principal Installments for the benefit of the County until they are applied to pay the principal of the VPSA Bonds and (iii) either remit the investment earnings periodically to the County or credit the investment earnings against the County's obligation to make Principal Installments, at the option of VPSA. The Board further acknowledges that VPSA may cause a portion of such earnings to be deposited into a reserve fund or account to be applied by VPSA for use to pay the costs, fees and expenses described in paragraph 15 below. Any balance in such reserve fund or account attributable to investment earnings on the County's Principal Installments as reasonably determined by VPSA will be remitted or credited to the County on the final maturity date of the VPSA Bonds.

Form of the Local School Bond. The Local School Bond shall be initially issued in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

Payment; Paying Agent and Bond Registrar. The following provisions shall apply to the Local School Bond:

For as long as VPSA is the registered owner of the Local School Bond, all payments of principal of and interest and premium, if any, on the Local School Bond shall be made in immediately available funds to, or at the direction of, VPSA at, or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next succeeding such Payment Date or date fixed for payment, prepayment or redemption.

The Bond Registrar and Paying Agent for the Local School Bond shall be the banking institution selected by VPSA for such purposes.

Prepayment or Redemption. The Principal Installments of the Local School Bond may be subject to optional prepayment or redemption prior to their stated maturities as determined by VPSA. The Principal Installments of the Local School Bond will be subject to extraordinary mandatory redemption (i) if certain proceeds of the Local School Bond have not been spent within three years after the date of its issuance and delivery (which three year period may be extended by the U.S. Secretary of the Treasury or his delegate), (ii) due to a loss of "qualified tax credit bond" and "qualified school construction bond" status of the VPSA Bonds corresponding to the Local School Bond under Sections 54A and 54F of the Tax Code, and (iii) if due to (a) any amendments by Congress to Sections 54A, 54F or 6431 or any other applicable sections of the Tax Code or (b) any guidance or changes to guidance provided by the U.S. Department of Treasury or the Internal Revenue Service, there is a reduction or elimination of the direct payment of the refundable credit to be received by VPSA with respect to the VPSA Bonds. The Principal Installments of the Local School Bond shall be redeemed at the redemption prices and upon the other terms set forth in the Local School Bond.

Execution of the Local School Bond. The Chairman or Vice Chairman of the Board, either of whom may act, and the Clerk or any Deputy Clerk of the Board, either of whom may act, are authorized and directed to execute and deliver the Local School Bond and to affix the seal of the County thereto.

Pledge of Full Faith and Credit. For the prompt payment of the principal of and interest and premium, if any, on the Local School Bond as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Local School Bond shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County subject to local taxation sufficient in amount to provide for the payment of the principal of and interest and premium, if any, on the Local School Bond as such principal and interest and premium, if any, shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

Use of Proceeds Certificate and Tax Compliance Agreement. The Chairman of the Board, the County Administrator and such other officer or officers of the County as either may designate are hereby authorized and directed to execute and deliver on behalf of the County a Use of Proceeds Certificate and Tax Compliance Agreement (**the “Tax Compliance Agreement”**) setting forth the expected use and investment of the proceeds of the Local School Bond and containing such covenants as may be necessary for the VPSA Bonds to qualify as and to remain as “qualified tax credit bonds,” “qualified school construction bonds” and “specified tax credit bonds” under Sections 54A, 54F and 6431 of the Tax Code and the applicable regulations. The Board covenants on behalf of the County that (i) the proceeds from the issuance and sale of the Local School Bond will be invested and expended as set forth in the Tax Compliance Agreement and that the County shall comply with the other covenants and representations contained therein and (ii) the County shall comply with the provisions of the Tax Code so that the VPSA Bonds will not lose their status as “qualified tax credit bonds,” “qualified school construction bonds” and “specified tax credit bonds” under Sections 54A, 54F and 6431 of the Tax Code.

State Non-Arbitrage Program; Proceeds Agreement. The Board hereby determines that it is in the best interests of the County to authorize and direct the County Treasurer or Director of Finance to participate in the State Non-Arbitrage Program in connection with the Local School Bond. The Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Local School Bond by and among the County, the other participants in the sale of the VPSA Bonds, VPSA, the investment manager and the depository, substantially in the form submitted to the Board at this meeting, which form is hereby approved.

Continuing Disclosure Agreement. The Chairman of the Board, the County Administrator and such other officer or officers of the County as either may designate are hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix D to the Bond Sale Agreement, setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12, under the Securities Exchange Act of 1934, as amended, and directed to make all filings required by Section 3 of the Bond Sale Agreement should the County be determined by the VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

Fees, Costs and Expenses. The County agrees to pay from proceeds of its Local School Bond or other legally available funds the following fees, costs and expenses incurred by VPSA in connection with its purchase and carrying of the Local School Bond within thirty days after receipt by the County Administrator of a written bill therefor:

(A) The County's allocable share of (i) the fees, costs and expenses of the trustee, paying agent and bond registrar under the indenture pursuant to which VPSA will issue the VPSA Bonds and (ii) any fees, costs and expenses payable to third parties in connection with such indenture or VPSA's School Tax Credit Bond Program, as determined by VPSA; and

(B) To the extent permitted by law, the reasonable fees, costs and expenses, including reasonable attorneys' fees, if any, incurred by VPSA in connection with any false representation or certification or covenant default by the County or any County or School Board official, employee, agent or contractor under the Local School Bond, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Proceeds Agreement and/or any document, certificate or instrument associated therewith (**collectively, the "County Documents"**), or in connection with any extraordinary mandatory redemption of the Local School Bond as described in paragraph 9 above and the corresponding VPSA Bonds, any amendment to or discretionary action that VPSA makes or undertakes at the request of the County under any of the County Documents or any other document related to the VPSA Bonds.

Filing of Resolution. The appropriate officers or agents of the County are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the County.

Election to Proceed under Public Finance Act. In accordance with Section 15.2-2601 of the Virginia Code, the Board elects to issue the Local School Bond pursuant to the provisions of the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Virginia Code.

Further Actions. The members of the Board and all officers, employees and agents of the County are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Local School Bond and any such action previously taken is hereby ratified and confirmed.

Effective Date. This Resolution shall take effect immediately.

* * *

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Clerk of the Board of Supervisors of the County of Montgomery, Virginia hereby certifies that the Resolution set forth above was adopted in an open meeting on September 26, 2011, by the Board of Supervisors with the following votes:

AYE: Annette S. Perkins
William H. Brown
Mary W. Biggs
James D. Politis

NAY: Doug Marrs
Gary D. Creed

ABSTENTIONS: None

ABSENT: John A. Muffo

EXHIBIT A

[FORM OF TEMPORARY BOND]

NO. TRA-1

\$ _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
COUNTY OF MONTGOMERY
General Obligation School Bond
Series 2011A**

The **COUNTY OF MONTGOMERY, VIRGINIA** (the “County”), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY (“VPSA”)** the principal amount of _____ DOLLARS (\$ _____), in annual installments in the amounts set forth on Schedule I attached hereto commencing on June 1, 20__ and continuing each June 1 thereafter to and including June 1, 20__ (**each a “Principal Payment Date”**), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on June 1 and December 1 of each year, commencing [June 1, 2012] (**each an “Interest Payment Date,” and together with any Principal Payment Date, a “Payment Date”**), at the rate of ____% per annum, subject to redemption as hereinafter provided. The principal of and interest and premium, if any, on this Bond are payable in lawful money of the United States of America.

For as long as VPSA is the registered owner of this Bond, U.S. Bank National Association, as bond registrar and paying agent (**the “Bond Registrar”**), shall make all payments of the principal of and interest and premium, if any, on this Bond, without the presentation or surrender hereof, to or at the direction of VPSA, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for redemption. If a Payment Date or date fixed for redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of the principal of and interest and premium, if any, on this Bond shall be made in immediately available funds at or

before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for payment or redemption. Upon receipt by the registered owner of this Bond of said payments, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the County shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and interest and the premium, if any, on this Bond. The resolution adopted by the Board of Supervisors of the County on _____, 2011 (**the “Local Resolution”**), authorizing the issuance of this Bond provides, and Section 15.2-2624, Code of Virginia 1950, as amended (**the “Virginia Code”**), requires, that there shall be levied and collected an annual tax upon all taxable property in the County subject to local taxation sufficient to provide for the payment of the principal of and interest and premium, if any, on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, of the Virginia Code, and the Local Resolution and a resolution duly adopted by the School Board of the County to provide funds for capital projects for school purposes.

This Bond is registered in VPSA’s name on the books of the County kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for a substitute Bond, and register such substitute Bond on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond are not subject to optional prepayment or redemption prior to their stated maturities without the prior written consent of VPSA, except as set forth below.

Upon not less than 45 days’ written notice from VPSA to the Bond Registrar and the County, this Bond is subject to mandatory redemption in whole or in part in an amount to be specified by VPSA on a date to be fixed by VPSA in the event that VPSA determines that a redemption of all or a portion of the VPSA Bonds allocable to this Bond is necessary to maintain the status of the VPSA Bonds as “qualified tax credit bonds” and “qualified school construction bonds” under Sections 54A and 54F of the Internal Revenue Code of 1986, as amended (**the “Code”**). Circumstances under which VPSA may make such a determination may include, but are not limited to, the failure of the County to cause 100% of the Available Project Proceeds to be expended by the end of the Expenditure Period for Qualified Purposes, or there occurs a Determination of Loss of QSCB Status with respect to all or any portion of the VPSA Bonds due to a default by the County under the Use of Proceeds Certificate and Tax Compliance Agreement dated the dated date hereof (**the “Tax Compliance Agreement”**).

The redemption price shall be equal to (i) the redemption price VPSA will be obligated to pay in connection with the optional redemption or extraordinary optional redemption of the allocable portion of the VPSA Bonds under Section 3.1 of the Fourth Supplemental Trust Indenture dated as of November 1, 2011 (**the “Fourth Supplemental Indenture”**), between VPSA and U.S. Bank National Association, as trustee, and (ii) any outstanding fees, costs and expenses for which the County is or will become obligated to pay under paragraph 15 of the Local Resolution, all as determined by VPSA.

Upon not less than 90 days’ written notice from the County to VPSA, this Bond is also subject to extraordinary optional redemption in whole or in part, as determined by the County, on a date to be fixed by VPSA if, due to (i) any amendments by Congress to Section 54A, 54F or 6431 or any other applicable sections of the Tax Code, or (ii) any guidance or changes to guidance provided by the U.S. Department of Treasury or the Internal Revenue Service, there is a reduction or elimination of the refundable credit to be received by VPSA with respect to the VPSA Bonds. The redemption price shall be equal to (i) the redemption price VPSA will be obligated to pay in connection with the optional redemption or extraordinary optional redemption of the allocable portion of the VPSA Bonds under Section 3.1 of the Fourth Supplemental Indenture and (ii) any outstanding fees, costs and expenses for which the County is or will become obligated to pay under paragraph 15 of the Local Resolution, all as determined by VPSA.

Unless otherwise defined, each of the capitalized terms used in the foregoing three paragraphs has the meaning given it in the Tax Compliance Agreement.

No notation is required to be made on this Bond of the redemption of principal. In such circumstance, the outstanding principal balance of this Bond shall be equal to \$_____, less the aggregate amount of any and all redemptions of principal which may have been made on this Bond. **HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.**

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

R-FY-12-27

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$100,000,000 GENERAL OBLIGATION SCHOOL BONDS OF THE COUNTY OF MONTGOMERY, VIRGINIA, TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY AND PROVIDING FOR THE FORM AND DETAILS THEREOF

On a motion by Annette S. Perkins, seconded by Mary W. Biggs and carried,

WHEREAS, the Board of Supervisors (**the “Board”**) of the County of Montgomery, Virginia (**the “County”**), has determined that it is necessary and expedient to borrow an amount not to exceed \$100,000,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the County held a public hearing, duly noticed, on September 12, 2011, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (**the “Virginia Code”**); and

WHEREAS, the School Board of the County has, by resolution, requested the Board to authorize the issuance of the Bonds and consented to such issuance; and

WHEREAS, the Virginia Public School Authority’s (**“VPSA”**) Board of Commissioners has offered to purchase the Bonds from the proceeds of bonds issued by VPSA in connection with either its Fall 2011 pool financing program (**the “VPSA Pool Bonds”**) or its stand-alone financing program (**the “VPSA Stand-Alone Bonds”**);

WHEREAS, the Bond Sale Agreement (as defined below) shall indicate that \$98,000,000 is the amount of proceeds requested (**the “Proceeds Requested”**) from the VPSA in connection with the sale of the Bonds; and

WHEREAS, VPSA’s objective is to pay the County a purchase price for the Bonds which, in VPSA’s judgment, reflects the Bonds’ market value (**the “VPSA Purchase Price Objective”**), taking into consideration such factors as the amortization schedule the County has requested for the Bonds relative to the amortization schedules requested by other localities (in the case of the VPSA Pool Bonds), the purchase price to be received by VPSA for its bonds and other market conditions relating to the sale of VPSA’s bonds;

WHEREAS, such factors may result in the Bonds having a purchase price other than par and consequently (i) the County may have to issue a principal amount of Bonds that is greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) if the maximum authorized principal amount of the Bonds set forth in section 1 below does not exceed the Proceeds Requested by at least the amount of any discount, the purchase price to be paid to the County, given the VPSA Purchase Price Objective and market conditions, will be less than the Proceeds Requested; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA:

1. **Authorization of Bonds and Use of Proceeds.** The Board hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$100,000,000 (**the “Bonds”**) for the purposes of financing certain capital projects for school purposes, including without limitation, the projects described in Exhibit B and paying the costs of issuing the Bonds. The Board hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.

2. **Sale of the Bonds.** It is determined to be in the best interest of the County to accept the offer of VPSA to purchase from the County, and to sell to VPSA, the Bonds at a price, determined by VPSA to be fair and accepted by the Chairman of the Board or the County Administrator (each a "Delegate") that is substantially equal to the Proceeds Requested, except that the Bonds may be sold for a purchase price not lower than 95% of the Proceeds Requested if issuing the Bonds in the maximum principal amount authorized by Section 1 of this Resolution is insufficient, given the VPSA Purchase Price Objective and market conditions, to generate an amount of proceeds substantially equal to the Proceeds Requested. Each Delegate is hereby authorized and directed to enter into a Bond Sale Agreement (**the "Bond Sale Agreement"**) with VPSA providing for the sale of the Bonds to VPSA. The Bond Sale Agreement shall be in substantially the form submitted to the Board at this meeting, which form is hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Delegate (including any changes necessary to reflect the purchase of the Bonds from proceeds of either the VPSA Pool Bonds or the VPSA Stand-Alone Bonds), the execution thereof by such Delegate shall constitute conclusive evidence of his or her approval of any such completions, omissions, insertions and changes.

3. **Details of the Bonds.** The Bonds shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation School Bonds, Series 2011B" or such other designation as the County Administrator shall determine; shall bear interest from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 2012 (**each an "Interest Payment Date"**), at the rates established in accordance with Section 4 of this Resolution; and shall mature in installments on July 15 in the years (**each a "Principal Payment Date"**) and in the amounts (**the "Principal Installments"**) acceptable to a Delegate, subject to the provisions of Section 4 of this Resolution.

4. **Interest Rates and Principal Installments.** A Delegate is hereby authorized and directed to accept the interest rates on the Bonds established by VPSA; provided that, in the case of Bonds purchased with proceeds of the VPSA Pool Bonds, each interest rate on the Bonds shall be five one-hundredths of one percent (0.05%) over the interest rate to be paid by VPSA for the corresponding principal payment date of the VPSA Pool Bonds; and provided further that the true interest cost of the Bonds does not exceed five and fifty one-hundredths percent (5.50%) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of VPSA. A Delegate is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of VPSA, provided that the aggregate principal amount of the Bonds shall not exceed the maximum principal amount authorized by this Resolution and provided further that the final maturity of the Bonds occurs no later than December 31, 2032. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by VPSA and the Interest Payment Dates and the Principal Installments requested by VPSA as having been so accepted as authorized by this Resolution.

5. **Form of the Bonds.** The Bonds shall be initially issued in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing the Bonds, whose approval shall be evidenced conclusively by the execution and delivery of the Bonds.

6. **Payment; Paying Agent and Bond Registrar.** The following provisions shall apply to the Bonds:

(a) For as long as VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next succeeding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption.

(b) All overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rate or rates on the Bonds.

(c) U.S. Bank National Association, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds (the "Bond Registrar"). The County may, in its sole discretion, replace at any time the Bond Registrar with another qualified bank or trust company as successor Bond Registrar. The County shall give prompt written notice to VPSA of the appointment of any successor Bond Registrar.

7. **Prepayment or Redemption.**

(a) **Bonds Purchased with Proceeds of VPSA Pool Bonds.** In the case of Bonds purchased with proceeds of the VPSA Pool Bonds, the Principal Installments of such Bonds held by VPSA coming due on or before July 15, 2021, and the definitive Bonds for which the Bonds held by VPSA may be exchanged that mature on or before July 15, 2021, are not subject to prepayment or redemption prior to their stated maturities. The Principal Installments of the Bonds held by VPSA coming due after July 15, 2021, and the definitive bonds for which the Bonds held by VPSA may be exchanged that mature after July 15, 2021, are subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any date on or after July 15, 2021, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2021 through July 14, 2022	101%
July 15, 2022 through July 14, 2023	100½
July 15, 2023 and thereafter	100

(b) **Bonds Purchased with Proceeds of VPSA Stand-Alone Bonds.** In the case of Bonds purchased with proceeds of the VPSA Stand-Alone Bonds, the Principal Installments of such Bonds and the definitive Bonds for which the Bonds held by VPSA may be exchanged will be subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any dates and at prices as shall be determined by VPSA and agreed to by the County Administrator, provided that the prepayment or redemption premium shall not exceed 3% of the principal amount of the aggregate principal amount thereof.

(c) Consent of VPSA. Notwithstanding the preceding provisions, as reflected in the Bond Sale Agreement, the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of VPSA or the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

8. Execution of the Bonds. The Chairman or Vice Chairman of the Board, either of whom may act, and the Clerk or any Deputy Clerk of the Board, either of whom may act, are authorized and directed to execute and deliver the Bonds and to affix the seal of the County thereto.

9. Pledge of Full Faith and Credit. For the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

10. Use of Proceeds Certificate and Non-Arbitrage Certificate. The Chairman of the Board, the County Administrator and such other officer or officers of the County as either may designate, any of whom may act, are hereby authorized and directed to execute a Non-Arbitrage Certificate and a Use of Proceeds Certificate each setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (**the “Code”**), and applicable regulations relating to the exclusion from gross income of interest on the Bonds and on the VPSA Pool Bonds or the VPSA Stand-Alone Bonds, as applicable. The Board covenants on behalf of the County that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Non-Arbitrage Certificate and such Use of Proceeds Certificate and that the County shall comply with the other covenants and representations contained therein and (ii) the County shall comply with the provisions of the Code so that interest on the Bonds and on the VPSA Pool Bonds or the VPSA Stand-Alone Bonds, as applicable, will remain excludable from gross income for Federal income tax purposes.

11. State Non-Arbitrage Program; Proceeds Agreement. The Board hereby determines that it is in the best interests of the County to authorize and direct the County Treasurer or the Director of Finance to participate in the State Non-Arbitrage Program in connection with the Bonds. The Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds purchased with proceeds of the VPSA Pool Bonds, by and among the County, the other participants in the sale of the VPSA Pool Bonds, VPSA, the investment manager and the depository, substantially in such form as may be approved by the officer executing such Proceeds Agreement, his or her execution

and delivery thereof to constitute conclusive evidence of such officer's approval of such Proceeds Agreement.

12. **Continuing Disclosure Agreement.** The Chairman of the Board, the County Administrator and such other officer or officers of the County as either may designate, any of whom may act, are hereby authorized and directed to execute a Continuing Disclosure Agreement, substantially in the form attached as Appendix F to the Bond Sale Agreement or as otherwise requested by VPSA, setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12, under the Securities Exchange Act of 1934, as amended, and directed to make all filings required by Section 3 of the Bond Sale Agreement should the County be determined by VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

13. **Disclosure of County Information.** If requested by VPSA, the County approves the inclusion of information regarding the County (including financial, economic and demographic information) and the Project in the preliminary official statement to be used in connection with the marketing of the VPSA Pool Bonds or the VPSA Stand-Alone Bonds, as applicable, and approves the distribution of such preliminary official statement by VPSA. The County also consents to the distribution by VPSA of a final official statement (the preliminary official statement marked to include information regarding the pricing of the VPSA Pool Bonds or the VPSA Stand-Alone Bonds, as applicable) including such County information.

134. **Filing of Resolution.** The appropriate officers or agents of the County are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the County.

15. **Further Actions.** The members of the Board and all officers, employees and agents of the County are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

146. **Effective Date.** This Resolution shall take effect immediately.

* * *

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Clerk of the Board of Supervisors of the County of Montgomery, Virginia hereby certifies that the Resolution set forth above was adopted in an open meeting on September 12, 2011, by the Board of Supervisors with the following votes:

AYE: William H. Brown
Mary W. Biggs
Annette S. Perkins
James D. Politis

NAY: Doug Marrs
Gary D. Creed

ABSTENTIONS: None

ABSENT: John A. Muffo

EXHIBIT A

(FORM OF TEMPORARY BOND)

NO. TRB-1

\$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

COUNTY OF MONTGOMERY

General Obligation School Bond

Series 2011B

The **COUNTY OF MONTGOMERY, VIRGINIA** (the “County”), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS (\$_____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 20__ and annually on July 15 thereafter to and including July 15, 20__ (**each a “Principal Payment Date”**), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2012 (**each an “Interest Payment Date”; together with any Principal Payment Date, a “Payment Date”**), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond, U.S. Bank National Association, or any successor appointed by the County as bond registrar and paying agent (**the “Bond Registrar”**), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal, premium, if any, or interest on this Bond

shall be made in immediately available funds at or before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the County shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the Board of Supervisors authorizing the issuance of the Bonds provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the County subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the Board of County Supervisors of the County and the School Board of the County to provide funds for capital projects for school purposes and to pay costs incurred in issuing this Bond.

This Bond may be exchanged without cost, on twenty (20) days written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of \$5,000 and whole multiples thereof, and having an equal aggregate principal amount, having principal installments or maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the Virginia Public School Authority on the books of the County kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bonds as hereinabove provided, such definitive Bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

[The principal installments of this Bond coming due on or before July 15, 2021 and the definitive Bonds for which this Bond may be exchanged that mature on or before July 15, 2021, are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due after July 15, 2021, and the definitive Bonds for which this Bond may be exchanged that mature after July 15, 2021, are subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any date on or after July 15, 2021, upon payment of the prepayment or redemption prices (expressed as percentages of principal installments to be prepaid or the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2021 through July 14, 2022	101%
July 15, 2022 through July 14, 2023	100½
July 15, 2023 and thereafter	100

Provided, however, that the principal installments of this Bond shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of the registered owner of this Bond. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.]

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Montgomery, Virginia has caused this Bond to be issued in the name of the County of Montgomery, Virginia, to be signed by its Chairman or Vice-Chairman, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated _____, 2011.

NEW BUSINESS

A-FY-12-32 SCHOOL OPERATING FUND CARRYOVER FY 2010-2011 YEAR END FUNDS

On a motion by Annette S. Perkins, seconded by Mary W. Biggs and carried unanimously,

BE IT RESOLVED, By the Board of Supervisors of Montgomery County, Virginia that the General Fund is granted an appropriation in addition to the annual appropriation for the fiscal year ending June 30, 2012, for the function and in the amount as follows:

09 Transfer to School Operating Fund	\$1,642,446
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The source of funds for the foregoing appropriation is as follows:

451203 Undesignated Fund Balance	\$1,642,446
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BE IT FURTHER RESOLVED, By the Board of Supervisors of Montgomery County, Virginia that the School Operating fund was granted an appropriation in addition to the annual appropriation for the fiscal year ending June 30, 2012, for the function and in the amount as follows:

<u>School Operating</u>	
561000 Instruction	\$884,362
562000 Admin., Attend., & Health	\$17,101
564000 Operations and Maintenance	<u>\$740,983</u>
Total	\$1,642,446

The source of funds for the foregoing appropriation is as follows:

<u>Revenue Account</u>	
451100 Transfer from General Fund	\$1,642,446

Said resolution appropriates school funds remaining as of June 30, 2011 for use by the schools in the current year.

The vote on the forgoing resolution was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Mary W. Biggs	None	John A. Muffo
Doug Marrs		
Gary D. Creed		
Annette S. Perkins		
William H. Brown		
James D. Politis		

R-FY-12-28
RESOLUTION APPROVING THE
BUDGET CALENDAR FOR FY 2012-2013

On a motion by Annette S. Perkins, seconded by Mary W. Biggs and carried unanimously,

BE IT RESOLVED, That the Board of Supervisors of the County of Montgomery, Virginia hereby approves the Budget Calendar for FY 2012-2013 as follows:

January 2012							February 2012						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7				1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25
29	30	31					26	27	28	29			

March 2012							April 2012						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30					

 - Indicates Special Meeting

DATE	TIME	ACTIVITY
January 2012		
9	7:15 PM	Public Hearing for citizen input.
30	7:15 PM	Budget work session - Revenue Estimates. <i>(Special Meeting)</i>
February 2012		
13	7:15 PM	Presentation of school budget.
March 2012		
2		Proposed Budget document delivered to Board of Supervisors.
5	5:30 PM	Presentation of the FY 2013 Proposed Budget. <i>(Special Meeting)</i>
19	7:15 PM	Budget work session; establish advertised tax rate and advertised budget.
29	6:00 PM	<i>(Special Meeting)</i> Public Hearing on advertised tax rate and budget. <i>(Special Meeting)</i>
April 2012		
16	7:15 PM	Adopt budget and establish tax rate. <i>(Special Meeting)</i>

The vote on the forgoing resolution was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Doug Marrs	None	John A. Muffo
Gary D. Creed		
Annette S. Perkins		
William H. Brown		
Mary W. Biggs		
James D. Politis		

COUNTY ATTORNEY'S REPORT

The County Attorney recommended the Board of Supervisors request the Planning Commission to review the concerns expressed by some of the political candidates regarding the size of political signs allowed to be placed in Montgomery County.

R-FY-12-29 REFER TO THE PLANNING COMMISSION MONTGOMERY COUNTY'S ZONING ORDINANCE SIGN REGULATION – TEMPORARY POLITICAL CAMPAIGN SIGNS

On a motion by Mary W. Biggs, seconded by Gary D. Creed and carried unanimously,

BE IT RESOLVED, By The Board of Supervisors of the County of Montgomery Virginia that the Board hereby requests the Planning Commission to review a proposed amendment to Section 10-45 (3) (g) (4) of the County Zoning Ordinance regarding sign regulation for temporary signs-political signs allowing the size of political signs by right to be increased from 12 sq. ft. to 32 sq. ft. and make a recommendation to the Board on the proposed change.

BE IT FURTHER RESOLVED, By the Board of Supervisors that the Board hereby requests the Montgomery County Zoning Administrator to issue a letter advising the candidates that while the amendment to change the allowable square footage is being considered by the Planning Commission and the Board of the Supervisors, the County will allow the use of political signs up to the 32 sq. ft. proposed limit during the November 2011 election process.

The vote on the forgoing resolution was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Gary D. Creed	None	John A. Muffo
Annette S. Perkins		
William H. Brown		
Mary W. Biggs		
Doug Marrs		
James D. Politis		

COUNTY ADMINISTRATOR'S REPORT

The County Administrator reported on the following items:

Joint Legislative Dinner with the School Board: The County Administrator reported that December 7 and December 8 are available dates to schedule the joint legislative dinner with the School Board. Board members agreed that December 8, 2011 is the most suitable date.

Prices Fork Elementary School Dedication : The School Board has tentatively scheduled the Prices Fork Elementary School dedication for November 6th at 2:00 p.m.

Blacksburg Transit – Warm Hearth Village: The Blacksburg Transit will start its bus route to the Warm Hearth Village on November 15, 2011. This is a pilot program to determine if a bus route is needed to serve the retirement community.

Greenbox Collection Site – Alleghany Springs: The Alleghany Springs site is the only non-manned waste collection site remaining in the County. Because the site is not monitored, it has become the "dumping grounds" for illegal waste and waste from outside the County.

The Alleghany Spring Green Box Site requires a front-load truck to empty the green boxes while all other consolidated collection sites require a roll-off type truck. The cost to replace a front-load truck is approximately three hundred thousand dollars (\$300,000) or about twice that of a roll-off type truck. The current truck is twelve years old and experiences costly repairs. The County does not have a spare frontload truck; therefore, if the front-load truck requires major repairs or replacement, the County will have to close the green box site or hire a private contractor to haul the waste until repairs and/or a replacement is secured.

Citizens continue to complain about the open green box site, stating that the dumpster site is an eye sore and reflects poorly on the county. Some have suggested that the site be closed and the Wayside Collection Site be expanded to handle the additional volume of garbage.

The County Administrator stated due to the illegal waste issues, staff has recommended that site attendants be placed at the Alleghany site to address illegal waste concerns, which will allow legitimate waste stream information to be obtained. This data will provide for an accurate comparison of the volume of County household waste handled at this site. Tonnage at the Alleghany Spring site averages 165 tons per month including out-of-county and illegal waste. Comparatively, Wayside and Elliston Lafayette Consolidated averages 178 tons and 256 tons, respectively.

Staff recommends a pilot project to determine the volume of County household waste to be handled at this site. The project plan includes the following:

- Temporary Staffing of the Alleghany Springs Site.
- Determine Residency Requirements of Consolidated Site Users.
- Establish Operational Hours of the Alleghany Springs Site.
- Sixty Day Monitoring Process
 - Verify Residency of all users
 - Refuse illegal and non-County waste
 - Maintain an activity log including
 - Number of Vehicles
 - Number Refused
 - Time of day

At the end of the sixty day monitoring, a report will be prepared, with recommendations for continuation of the Alleghany Collection Site or recommendation to consolidate with the Wayside or Elliston-Lafayette Collection Sites.

BOARD OF SUPERVISORS' REPORTS

Supervisor Brown The Postal Regulatory Commission published a preliminary list of U.S. postal locations slated for potential closing. The McCoy Post Office is on the list of possible closings in Virginia. If the McCoy Post Office is closed then the nearest post office will be in Blacksburg, 10 miles away. A community meeting will be held in the near future to discuss the possible closing.

Supervisor Creed reported in all e-mails and phone calls received regarding the Alleghany Springs Green Box Site the majority was in favor of keeping the site open and cleaning it up. He hopes that the County can control the illegal dumping by non-county residents and commercial waste. He believes this site is being used for illegal dumping because it is not manned.

Supervisor Politis gave an update on the Industrial Hemp project. He gave a presentation on Industrial Hemp to the Economic Development Alliance and the Montgomery County Chamber of Commerce, seeking their support. He asked permission from the Board members to work with the County Attorney to draft a resolution requesting support from other localities to request the General Assembly to adopt legislation that will legalize the growing of industrial hemp in Virginia. He reported he has a meeting with the Virginia Commissioner of Agricultural and Commerce to discuss his proposal.

By consensus the Board agreed for the County Attorney to work with Supervisor Politis drafting a resolution to be forwarded to other local governments asking for support in the growing of industrial hemp in Virginia.

ADJOURNMENT

On a motion by William H. Brown seconded by Mary W. Biggs and carried unanimously, the Board adjourned to Monday, Monday, October 3, 2011 at 5:30 p.m.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Gary D. Creed	None	John A. Muffo
Annette S. Perkins		
William H. Brown		
Mary W. Biggs		
Doug Marrs		
James D. Politis		

The Board adjourned at 9:30 p.m.

APPROVED: _____

James D. Politis
Chair

ATTEST: _____

F. Craig Meadows
County Administrator